



**Idaho Health Insurance Exchange
DBA Your Health Idaho**

**Governance Committee Members
Tuesday, March 1, 2022**

Committee Members Present

- Ms. Margaret Henbest, Chair (via videoconference)
- Mr. Hyatt Erstad, Vice Chair (via videoconference)
- Ms. Karan Tucker (via videoconference)

Others Present

- Mr. Pat Kelly, Your Health Idaho
- Mr. Kevin Reddish, Your Health Idaho
- Ms. Meghan McMartin, Your Health Idaho
- Ms. Alanee Thomas, Your Health Idaho
- Ms. Frances Nagashima (via videoconference)
- Ms. Julie Sparks, Your Health Idaho
- Mr. Mike Stoddard, Hawley Troxell (via videoconference)
- Ms. Tresa Ball, HR Precision (via videoconference)

1. Call to Order

Following proper notice in accordance with Idaho Code Section 74-204, the Governance Committee meeting of the Idaho Health Insurance Exchange (Exchange) was called to order by Ms. Henbest (Chair) at 10:01 a.m., Tuesday, March 1, 2022, at the offices of Your Health Idaho. In accordance with Idaho Code Section 74-203 (1), the meeting was open to the public and streamed in video conference format via GoToMeeting and the Idaho Public Television web site. Members of the public were encouraged to access the audio stream by dialing into a telephone number and view the materials by accessing a meeting link that were included in the notice of meeting posted on the Exchange Board's website, social media platforms, and at the meeting location.

2. Roll Call

Chair Henbest called roll and determined that Mr. Erstad and Ms. Tucker were present, resulting in a quorum. Senator Nelson and Director Cameron were absent.

3. Prior Meeting Minutes

Chair Henbest asked if there were any changes to the minutes from the prior meeting and there were none.

Motion: Mr. Erstad moved to approve the meeting minutes from the December 2, 2021, governance committee meeting as presented today. **Second:** Ms. Tucker. **The motion carried.**

4. Review Agenda

Chair Henbest reviewed the agenda, no changes were made.

5. Review Roadmap

Chair Henbest reviewed the roadmap, no changes were made.

6. Team Member Engagement

Last year, Your Health Idaho (YHI) conducted total compensation reviews with team members to increase their understanding of what total compensation is and what it is made of. Due to the success of these conversations last year, it was decided to conduct them annually. Some of the things discussed in the reviews are the employee's base salary or annualized hourly rates, variable pay, retirement plan, and insurance premiums, along with other benefits. These conversations have been well-received and helpful to both management and the broader YHI team.

YHI has also been focused on conducting stay interviews. Exit interviews can provide valuable information but sometimes this information comes too late. Stay interviews can help managers understand why team members stay and what might cause them to leave. YHI began conducting these interviews in February and they will continue through March. The goal is to increase team member engagement, reduce turnover, discover what makes YHI a great place to work, and to understand where our opportunities for improvement lie.

Chair Henbest asked if it was too soon to see any trends.

Ms. Thomas replied that YHI intends to complete the interviews by the end of March, then compile the data and share it with the management and supervisor team in April

Ms. Tucker commented that she thinks that it is great that YHI is conducting stay interviews and asked if we had evaluated the benefit package that is offered to find out if what we offer is still what people want.

Ms. Thomas answered that the benefit package is evaluated on an annual basis in the fall with a survey that is completed by team members.

Mr. Kelly said that he has noticed themes in the stay interviews that he has conducted and those are the people that we work with and that we do meaningful work.

7. FY23 Compensation and Staffing Plan

The finance committee met on February 18 to perform a review of the budget that included the preliminary revenue and expense budgets for YHI operations as well as the View Pointe building budget. Part of that review was a place holder for compensation. The committee was largely supportive of the overall operating expenses and discussed several budget scenarios during the meeting.

Mr. Kelly stated that after this meeting, we will make any needed changes and then the final proposed budget will be presented to the finance committee on March 7.

This budget is tied to our strategic initiatives, which is 125,000 enrollments by 2025. Two of the key elements are real-time eligibility and new Customer Support Center (CSC) technology, which are expected to be in place on July 1 and August 1, respectively. The third element that is key to our success is the people. We have a robust compensation proposal as well as a significant increase in the number of customer-facing roles, primarily in the seasonal work force.

Staffing challenges have dominated FY22 and we have tried to align a budget in ways that we apply lessons learned and are in line with our compensation policy which states that “we provide compensation that is market competitive as well as internally equitable...and to retain and motivate highly-qualified employees.”

The compensation actions that were taken October 2021 were primarily focused on lower compensated roles to increase YHI pay to minimum-competitive levels. Market and economic realities over the past year drive needs at all levels of the organization to retain and attract a highly qualified workforce.

We expect that COVID and federal policy will continue to place increased demands on the organization throughout the remainder of this year and into FY23.

Headcount and incremental growth of five positions are aligned with our ability to execute on our strategic goals, namely real-time eligibility, and our enrollment growth. Compensation, specifically, has two traditional categories. The first is merit, which is a performance-based compensation pool. We are proposing this at 3% which is aligned with current practices and historical norms. The second part of our compensation proposal is market. We are recommending that at 7%. This recognizes both national and current local economic trends. We expect market to return to more traditional levels in FY24 and beyond.

Another personnel-related item in the budget is employee benefits. We assume that this will be driven primarily by our medical benefits with a 15% increase assumed for FY23. Other benefit costs have traditionally only moved nominally, for example dental, vision, short- and long-term disability, and those historical increases are assumed in the budget.

Given market dynamics, YHI requested a compensation survey from HR Precision. The findings include that merit remains at traditional 3% range for most companies with a few going to 3.5% or 4.0%. Market tends to add another 2% to 3%. The compensation survey and discussions with HR Precision indicate a 6-7% total compensation pool is more common. It is also important to note that compensation and job market dynamics are moving more swiftly than compensation data supports.

As a point of reference, the State recommended a 7% increase for their employees. We have seen other individual employers in the Valley that are well into the double digits for increases. Additionally, we are seeing higher increases than what is in the proposed budget for pay compensation changes when we backfill open positions at YHI.

Mr. Erstad commented that he thinks that a 15% increase is a good target number for medical premiums. He asked what the increase was this year and if it was driven by the dynamics of YHI's group.

Mr. Kelly stated that YHI's medical premiums increased by 35% and that it was driven by a combination of demographics as well as some underwriting that was done due to the mid-size employer size.

Mr. Erstad noted that they are seeing a lot of volatility in the mid- to large sized groups and added YHI's compensation needs to stay competitive with what is in the marketplace.

Ms. Tucker affirmed that what is being recommended is consistent with what she is seeing in her company and that the range of necessary salary adjustments has ranged from 5-12%.

Reviewing YHI's org chart, Mr. Kelly stated that there was an overall headcount increase of about five from the run rate prior to real-time eligibility. Some of those positions are being brought on this year to ensure readiness for the deployment of the technology at the end of June. The largest group of YHI team members is in customer-facing roles. The budget includes a total of 52 customer-facing roles which includes 25 direct hires and 27 seasonal employees. This means that we will more than double our customer facing roles as we move into open enrollment to ensure that we have the necessary staff to serve Idahoans. It is important to note that we bring seasonal hires on in smaller classes, so if we find as we bring them on that more people are not needed, we can stop short of 27 seasonal hires.

We expect to gain some efficiencies from real-time eligibility, but when the Public Health Emergency (PHE) ends, we anticipate between 20,000 and 25,000 enrollments that YHI will need to process. Additionally, we are expecting growth to our overall

customer base through Always Present advertising as well as expected growth of the connector network.

Keeping in mind lessons learned this year, YHI has conducted preliminary discussions with GetInsured to serve as an overflow support center if staffing challenges do not improve for open enrollment 2023. Given the preliminary nature of these discussions, these costs are not included in the proposed budget.

Mr. Erstad asked if the change in June might mitigate the need for so many people.

Mr. Kelly replied that yes, we will gain efficiencies through real-time eligibility. Post open enrollment 2023, YHI expects to be at a very similar direct hire number as we are currently, despite projected enrollment growth of about 20%. This is driven by the efficiency is real-time eligibility as well as customer support center technology that will be deployed in August.

8. Executive Session

Motion: The Chair moved that the marketplace committee, pursuant to Idaho Code Section 74-206 (1), convene in Executive Session to consider the evaluations of certain employees, pursuant to Idaho Code 74-206 (1)(b).

Executive Session Roll Call: The Chair took a roll call vote and determined that Mr. Erstad and Ms. Tucker were present and agreeable, resulting in a quorum. Senator Nelson and Director Cameron were absent.

The committee entered into executive session at 10:27 a.m. and reconvened at 10:51a.m. No final actions nor decisions were made while in executive session.

9. FY23 Strategic Staffing Plan

Motion: Mr. Erstad moved that the governance committee recommend to the board the approval of the Strategic Staffing Plan for FY23 as presented today. **Second:** Ms. Tucker. **The motion carried.**

10. FY23 Compensation Plan

Motion: Mr. Erstad moved that the governance committee recommend to the board the approval of the Compensation Plan for FY23 as presented today. **Second:** Ms. Tucker. **The motion carried.**

11. FY22 Goals Update

Operational goals were set in March 2021, prior to YHI taking over the Advance Premium Tax Credit (APTC) eligibility work from DHW. Goal metrics were not revisited after the decision to take over APTC eligibility and therefore do not reflect attainable goals. Staffing challenges added additional barriers to achieving our goals. For Idahoans' Experience and Risk Management, the payouts for the period of performance that covered open enrollment were \$0; we did not meet any of those goals. YHI would like to discuss options to enable possible payout of variable pay in recognition of the exceptional efforts of the team and the goals not being attainable with the change in business operations.

After much discussion internally, YHI has distilled three possible options for paying of the FY22 goals for the open enrollment period of performance. These goals were also shared with the finance committee at the February 18 meeting.

Option 1:

Goals that are set and approved by the Board are what we measure against. We do not deviate from those goals once approved.

Outcome: \$0 payout for goals that are missed

Impacts: Despite the staffing challenges, system limitations, and increased demand for health insurance, team members worked tirelessly to serve Idahoans. Not paying anything seems to run counter to YHI's cultural value of Do the Right Thing.

Option 2:

Revisit goal metrics and bring to the Board for approval.

Outcome: Possible payout would require resetting metrics which are difficult to determine given the backlog, operational impacts from COVID, and ongoing system limitations.

Impacts: Determining a new baseline and associated metrics would take time. Additionally, those metrics would not be applicable to FY23 as we will move away from the current systems. Energy could be better used to ensure successful launch of the new eligibility system and ensuring the team has the right tools in place for success this fall.

Option 3:

Payout goals at 80% threshold which is middle tier payout level. This would recognize the incredible work of the team during YHI's most challenging year.

Outcome: Payouts would align with period of performance for goals and provide recognition of the team's efforts.

Impacts: Aligns with the extraordinary effort by the team in the face of oftentimes insurmountable odds. Matches payout with incenting the right behaviors with the team which, at the very core, is what variable goals are intended to do.

Regardless of goal payout decision, YHI would continue to track goal metrics as they are a key tool for managing Key Performance Indicators. YHI would also move the Gallup survey to August to reflect the new eligibility system and ensure we have a baseline to compare against for future years.

Chair Henbest asked if the 80% threshold was applicable to just the two goals that Mr. Kelly mentioned or if it would apply to all the goals.

Mr. Kelly replied that the only two goals being discussed for payout relief are Idahoans' Experience and Risk Management and only for the open enrollment period of performance. The 80% threshold is the middle tier for both goals.

Mr. Erstad questioned if it might be better to push the Gallup survey to September to give YHI staff more time to adjust to the new system before deploying the survey.

Ms. Tucker acknowledged the extenuating circumstances of the past year and all the things that were unexpected and out of our control. She cautioned that if we regularly make exceptions with variable pay related to goals that becomes the expectation. Ms. Tucker emphasized that she is aware that that is not what happened this year, she just wants to make sure that variable pay does not lose value.

Mr. Kelly said YHI will consider Mr. Erstad's suggestion to move the survey to September but will need to balance between when open enrollment starts and when the systems are stable. He said that the survey can be deployed within a week so there is quite a bit of flexibility in deployment.

Mr. Erstad posited the suggestion that we delay the survey for an entire year, due to all the difficulties with this open enrollment.

To Ms. Tucker's comment, Mr. Kelly said that in the nine years that he has been at YHI, there have been only two other times YHI has looked at changing payouts related to goals and the payout was not changed either time.

Mr. Kelly added that the finance committee discussed the amount of money needed to pay out these goals during their recent meeting. He said that there is about \$20,000 accrued for Idahoans' Experience and about \$11,000 for Risk Management. The finance committee was generally supportive of option three but would defer to the governance committee since it falls within this committee's purview.

Mr. Erstad said that although he is generally more financially conservative, he thinks that option three makes a lot of sense in order to recognize the team for the tremendous effort put forth and to help with staff retention. He said that he is fully supportive of option 3.

Mr. Kelly reviewed the status of the variable pay goals for this year.

Idahoans' Experience

First Contact Resolution (FCR), Turn Around Time (TAT) and Net Promoter Score (NPS) were all below threshold for payout during the open enrollment period of performance. We continue to monitor all these metrics weekly.

Retention and Enrollment

This goal is measured on April 1 and YHI is currently just north of 80,000 enrollments with some of these expected to drop off due to non-payment or other reasons. April enrollments projected at 76,000, right at the 60% threshold (no compensation for most YHI team members).

Risk Management

Proper reporting and response rates for the initial phishing campaign were 92%, zero payout, and 6.8%, 60% goal threshold, respectively. If the committee was to recommend option three, we would not pay that goal since it was reached at 60%.

Low-Cost Promise

Still a lot of pressure on this goal but it is slightly above the 80% threshold for payout.

Employee Engagement

COMPASS card participation (71%) is at the 60% threshold; high customer volumes and open enrollment are creating some challenges with participation. Employee Engagement Task Force (EETF) recommendations are being finalized and will be deployed post open enrollment.

Motion: Ms. Tucker moved that the governance committee recommend to the board the approval of option three to pay out the Idahoans' Experience and Risk Management goals for the Open Enrollment period of performance at 80% as outlined today. **Second:** Mr. Erstad. **The motion carried.**

12. FY23 Operational and Strategic Goals

In 2017, the Board endorsed a single strategic goal: Provide a flawless customer experience. Almost five years later, that goal rings true and YHI continues to see this goal as our true north.

The way that this goal is measured is that no more than 5% of our customers require more than three contacts to resolve their issue. This goal is a motivator and terrific

measure on how we deliver our customer experience to Idahoans. It also aligns well with the shift to real-time eligibility and our strategic enrollment goals.

We recommend keeping the strategic goal as is with no changes.

FY23 goal categories are the same as previous years but proposed metrics reflect simplification and sharper focus on areas that align with our strategic enrollment goal. Setting the proper metrics this year might be challenging since it will be the first time that we will be on an integrated eligibility system, and this also played into our thinking on the proposed goals for the coming year.

We are proposing that we keep the five main goal categories, which are outlined here.

Idahoans' Experience will continue to focus on responsiveness to the customer. Historically, this goal has measured three elements of the Idahoans' experience: Net Promoter Score (NPS), First Contact Resolution (FCR), and Turn Around Time (TAT). Several metrics were evaluated including these elements and Customer Satisfaction (CSAT).

Recommend: Simplify this goal to focus solely on NPS for Variable Pay while evaluating CSAT options with new CSC technology.

Chair Henbest mentioned that she was hesitant to drop FCR and TAT as they seem like important elements to track. However, Mr. Kelly had explained that, due to the introduction of new systems and technology, it was difficult to come up with new baselines for these elements.

Mr. Kelly agreed with Chair Henbest's assessment and added that it was important to note that FCR and TAT are not going to be completely dropped. They will still be measured and tracked, YHI simply will not base variable pay on those metrics.

At Mr. Erstad's request to provide clarification for those outside of the committee, Mr. Kelly stated that the Idahoans' Experience goal would only measure NPS for variable pay.

Retention and Enrollment

Measure plan selections at the end of Open Enrollment 2023 which captures effectiveness of operations, outreach, and marketing.

Recommend: Measure Plan Selections as of the end of Open Enrollment 2023 and include this goal for all team members.

Risk Management | Social Engineering

This continues to be an area of focus for YHI and YHI's leadership team discussed many options as it relates to risk management. After much discussion, we settled on the following recommendations.

Recommend: Continued focus on phishing and social engineering as it continues to be the biggest threat.

Recommend: Including Favorable/Unfavorable customer sentiment from annual GS Strategy customer survey as part of the variable pay plan.

Ms. Tuckers asked if this would be for all team members; Mr. Kelly replied that yes, it would.

Low-Cost Promise

Good feedback was received from team members on the relatability of measuring Net Operating Income as a financial goal.

Recommend: Maintain Net Operating Income performance compared to budget.

Team Member Engagement

This goal is critical to YHI's success, but it is difficult to operationalize the findings.

Recommend: Maintain focus on annual Gallup survey. Variable pay would apply to team members with direct reports. Continue to leverage COMPASS cards for peer-to-peer recognition but remove from variable pay. Outside of variable pay, evaluate other options for measuring engagement such as team member tenure, "eNPS" from Bamboo HR (HR system), and/or our payroll platform, Paylocity.

Chair Henbest said that she thinks that it is important to discover what is behind the answers to the questions in the Gallup poll, so she is glad that we are looking into other options around team member engagement.

Mr. Kelly stated that the details of these goals are preliminary. Based on feedback today, specific goal metrics will be brought to the June Committee and Board meetings for discussion and possible approval.

13. IT Project and Vendor Services Request for Proposal (RFP) Update

Mr. Reddish stated that an RFP was posted to YHI's website as scheduled. During the question-and-answer period, which ended on February 25, five vendors submitted questions. Three vendors submitted packages. Two of these vendors were regional and the third was east coast based. The team will review the proposals over the next week and vendor selection is anticipated for the week of March 7, with April 1 being the expected date of contract commencement.

14. Executive Director Evaluation Process

Ms. Ball stated that the upcoming executive director evaluation will use the same process and online performance evaluation tool that has been used in the past. There will be a continued focus on strategic and operational goals as well as leadership competencies.

The online performance evaluation form will be provided to board members in early May and the board and governance committee chairs will conduct 1:1 interviews with direct reports. The results of the performance evaluation will be summarized and provided to board members in preparation for the June board meeting for discussion on compensation and variable pay.

Mr. Erstad wanted to notify the committee of House Bill 611, which made it through the House and on to the Senate. If passed by the Senate and approved, along with the proposed 1332 Waiver, it is anticipated to reduce the individual health insurance rates in Idaho by 7-9%.

Mr. Kelly added that YHI's revenue stream is directly affected by premium costs, so we have a scenario in our budget proposal that looks at potential impacts from a 7% or larger decline in premiums. The scenario was presented at the first finance committee meeting at will be presented again at the second meeting. Depending on the discussion at the next finance committee meeting, there may be some discussion around changes to the assessment fee but the changes in premium would far outweigh any potential offset from an assessment fee change at YHI.

Mr. Erstad said that as he has been told, if the numbers come through as expected it should increase the number of people insured, despite the fact that revenue will be decreased.

15. Next Meeting

The next meeting will be at the end of May or beginning of June. Ms. Sparks will reach out to the committee members for availability and scheduling purposes.

16. Adjourn

There being no further business before the committee, the Chair adjourned the meeting at 11:44 a.m.

Signed and respectfully submitted,

Margaret Henbest, Committee Chair